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S E C R E T SECTION 01 OF 03 TAIPEI 003573

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TAGS: [ETTC](#) [PARM](#) [PINR](#) [PREL](#) [PTER](#) [TW](#)

SUBJECT: TAIWAN AGREES TO EXPORT CONTROL GAMEPLAN IN NP  
TALKS

REF: A. STATE 138267  
[B. STATE 145274](#)

Classified By: AIT Director Douglas Paal, Reason 1.4 b/d

[1](#)1. (S) Summary: The U.S. team led by NP/CBM Director Vann Van Diepen August 10-11 obtained Taiwan's agreement to cooperate to improve Taiwan's export controls over the long term, and all six points in the near term portion of the U.S. "gameplan" concerning Iran and North Korea (ref A). Point one, on controlling more exports to Iran and North Korea, was most contentious. In the end both sides agreed that 1) there need to be more items controlled to Iran and North Korea than on the current Taiwan list; 2) non-sensitive items should not be on the new control list; and 3) both sides would work together to develop a more extensive control list. Taiwan will provide a new list within 60 days for the U.S. to review. In the meantime, work will begin on other points in the gameplan. AIT also presented ref B comments on export license application 94-000417. End summary.

#### General Flow of Discussion

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[1](#)2. (S) AIT Taipei Deputy Director Keegan emphasized at the beginning of the talks that the export control issue was of critical importance to the most senior leadership in Washington, and that decisive action was required to stop exports to proliferators. While stating their general agreement with this position, Taiwan officials tried to avoid taking steps that all other Asian economies were not being asked to take, and then tried to maintain that they were empowered only to hear the U.S. out and pass recommendations to higher levels for later decision. The U.S. delegation repeatedly emphasized the seriousness of the proliferation problem, both in security terms and for U.S.-Taiwan relations, and emphasized that Washington would find a "we'll get back to you later" answer from Taiwan unacceptable.

[1](#)3. (S) The most contentious and time-consuming issues concerned "what is controlled" to Iran and North Korea in the near-term portion of the U.S. gameplan (point 1, and its enforcement in point 2). Taiwan had to be pressed hard by the U.S. delegation to move from not wanting to add anything more to control, to only wanting to add items like machine tools and certain chemicals identified in past U.S. demarches, to a grudging recognition, based on its own export data, that the bulk of its trade with Iran/DPRK involved "non-sensitive" items that would not be subject to additional export controls. The Taiwan position then evolved to "basically agreeing in principle" to everything the U.S. proposed, but needing to overcome industry opposition -- to which the U.S. made clear that Taiwan industry needed to choose between the burden of additional controls for Iran/DPRK and the burden of restricted trade with the U.S. prompted by proliferation concerns.

[1](#)4. (S) Discussion then shifted to detailed expositions of how the U.S., Taiwan, Japan, and others implement "catch-all" controls on unlisted items, transit/transshipment, and re-export -- with U.S. experts Warker (DHS/CBP) and Sonderman (DOC/OEE) providing key input. The positive momentum of the experts discussion -- which clearly revealed deficiencies in Taiwan practice that substantiated the U.S. diagnosis of the problem -- was accelerated by the related discussion of the more procedural aspects of the U.S. gameplan (points 3-6). This revealed that Taiwan already was taking some of these steps, was already partially implementing others, and already had a legal framework for the rest but had not been implementing it. The U.S. delegation was able to redirect this momentum back into the "what is controlled" portion of the gameplan (points 1 and 2), leveraging (a) the fact that most of the gameplan had been agreed, (b) continual reiteration of the security/political consequences of failure to agree to all of the gameplan (including in frank side discussions with senior Taiwan officials), and (c) U.S. willingness to move from a "negative" to a "positive" list describing the additional items to be added to control to secure Taiwan agreement to the rest of the gameplan.

What Was Agreed

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15. (S) Two days of non-proliferation talks between U.S. and Taiwan interagency delegations held in Taipei August 10-11 ended with satisfactory results and agreement beyond the expectations of either delegation. Agreement was reached on all six points in the U.S. gameplan:

-- On Gameplan point 1a, Taiwan agreed that it will immediately require individual export licenses for all direct or indirect exports to Iran and North Korea of all goods, software, and technology on the Australia Group, Chemical Weapons Convention, Missile Technology Control Regime, Nuclear Suppliers Group, and Wassenaar Arrangement lists (collectively known as the Strategic High-Tech Commodity, or SHTC lists), including future additions to those lists. Taiwan indicated that it already has this requirement for China, Cuba, Iraq, Libya, Syria, and Sudan, in addition to North Korea and Iran.

-- Point 1b: Both sides agreed that it is necessary to expand the scope of the export license requirements beyond the items on the SHTC lists for exports to Iran and North Korea, but that non-sensitive items should be exempt from export license requirements. Both sides also agreed that because of BOFT's familiarity with analyzing Taiwan's patterns of trade according to the Harmonized Tariff System designations, it would develop an expanded list of 4-digit categories to divide the HTS code into two categories; one category requiring and the other not requiring an export license. Taiwan agreed to consult with nonproliferation experts and industry and provide this list within 60 days for U.S. approval.

-- Point 1c: Taiwan agreed that all transits and transshipments through Taiwan to Iran/North Korea of cargoes that would require an export license from Taiwan, including under the expanded list developed under point 1b, would also require a license to transit/transship through Taiwan. Taiwan law already requires all SHTC items transiting or being transshipped through Taiwan to obtain a license from BOFT. However, Taiwan Customs revealed that it has never fully implemented this provision, and it has not even been collecting the manifest data necessary to determine compliance. Taiwan agreed to work out how it will begin to ensure compliance with this license requirement, and to inform the U.S. in 60 days of how it will be implemented.

-- Point 1d: Restrictions on intangible transfers of sensitive technology (i.e., via speech, fax, e-mail, telephone, etc.) will be covered by the "Science and Technology Protection Law" now being deliberated in Taiwan's legislature. Both sides recognized that passage of this bill and the exact contents of its final version would be determined by the legislature. National Science Council Director Yang Ing-shoang expressed his belief that the legislature would take the bill as a priority in its upcoming session, and asked for copies of U.S. regulations covering intangible transfers.

-- Point 2: Taiwan Customs agreed to closely monitor all exports, transits, or transshipments to Iran/North Korea, and all Iran/North Korea-flagged or -bound ships and aircraft. Taiwan Customs said it currently conducts 100% inspection of all cargoes exported to North Korea. Taiwan Customs said it will work with BOFT to ensure that manifest data is collected for all transit/transshipped cargoes bound for Iran/North Korea and that AIT is informed of unlicensed items that required a license or licensed items that do not correspond to the items authorized by the license.

-- Point 3: Taiwan agreed that export licenses it grants for individual exports to territories other than Iran/North Korea will include a proviso that subsequent Taiwan government authorization is required if the items are re-exported to Iran, North Korea, and specified diversion points. BOFT said that a global re-export control proviso was already included on all Taiwan export licenses. Taiwan also agreed that end-users found to have re-exported without permission will be denied future licenses.

-- Point 4: Taiwan agreed that all applications for travel visas to visit Taiwan by present or former (as indicated in information on the visa form) Iran/North Korea citizens will be reviewed for non-proliferation concerns and those visits Taiwan assesses as posing a proliferation risk will be denied. Taiwan officials noted that they already have a rudimentary system of nonproliferation review, and undertook to provide the U.S. a list of previous Iranian and North Korean applicants, annotated with the results of Taiwan's review.

-- Point 5: Taiwan agreed to consult with U.S. agencies through AIT prior to issuance of export/transit/transshipment licenses for cargoes bound for Iran/North Korea and before granting travel visas to any present or former Iran/North Korea citizens with a background in science or high-tech.

The U.S. agreed to comment on visa applications within one week (with the ability to ask for more time in complex cases, and with the understanding that the time limit may need to be adjusted based on experience) and will comment on other licenses within an agreed timeframe. Taiwan agreed to inform the U.S. of its final decision in each case.

-- Point 6: Taiwan agreed to strengthen its efforts to investigate and impose penalties on Taiwan entities that violate its export control policy.

#### AIT To Draft Information Exchange Procedures

16. (S) Both sides agreed that AIT will work on procedures for relaying license and visa information for Washington review, so that the USG can provide model procedures to Taiwan within two weeks.

#### Export License Application 94-000417

17. (S) On the margins of the non-proliferations talks, AIT delivered ref B talking points to BOFT.

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